

HOUSE BILL REPORT

HB 3084

As Reported by House Committee On:
Natural Resources, Ecology & Parks

Title: An act relating to the study of state programs affecting exploration, development, production, and storage of oil and gas.

Brief Description: Studying the regulation of oil and gas exploration, development, and production in the state.

Sponsors: Representatives B. Sullivan, Buck, Chase and Sells.

Brief History:

Committee Activity:

Natural Resources, Ecology & Parks: 2/2/06 [DPS].

Brief Summary of Substitute Bill

- Creates a work group to study the regulatory and other issues surrounding oil and gas exploration, development, production, and storage.
- Requires the Commissioner of Public Lands to consult with the work group and report to the Legislature by December 30, 2006.

HOUSE COMMITTEE ON NATURAL RESOURCES, ECOLOGY & PARKS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives B. Sullivan, Chair; Upthegrove, Vice Chair; Buck, Ranking Minority Member; Kretz, Assistant Ranking Minority Member; Blake, Chandler, Dickerson, Eickmeyer, Hunt, Kagi and Orcutt.

Staff: Amy Van Horn (786-7168).

Background:

The Department of Natural Resources (DNR) is responsible for oil and gas regulation, exploration, and production in the state under the Oil and Gas Conservation Act. The DNR oversees the leasing of proprietary interests in oil and gas, issues permits to drill wells, and may lease state lands for oil and gas production.

Summary of Substitute Bill:

A work group is created to study state programs affecting oil and natural gas, and to make recommendations to improve the regulatory, technical, environmental, and financial framework of the oil and gas industry. The Commissioner of Public Lands (Commissioner) must consult with the work group and report recommendations and proposed legislation to the Legislature by December 30, 2006.

Work Group Members

The Commissioner or his or her designee shall chair the work group. The Commissioner shall appoint one representative each from:

- the Department of Ecology's Water Quality Program;
- the Department of Ecology's State Environmental Policy Act (SEPA) Program;
- the Department of Community, Trade and Economic Development;
- the Department of Revenue;
- the farm community;
- the cattle ranching community;
- the oil producing and royalty owning community;
- a statewide environmental group;
- one large forest landowner group and one small forest landowner group;
- the utility industry, with experience in the operation of underground natural gas storage;
- the oil and gas industry, with interest in conventional oil and gas exploration and development;
- the oil and gas industry, with interest in coal bed methane exploration and development; and
- two counties.

Study Subjects

The work group must assist the Commissioner in developing his recommendations, and will study existing financial and regulatory programs affecting the oil and gas industry in Washington. In addition, the work group will evaluate program funding, oil and gas exploration, the adequacy of current programs, and other relevant issues.

Substitute Bill Compared to Original Bill:

The substitute bill removed a \$200,000 appropriation, and added representatives from small and large forest landowner associations to the work group.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: (In support of original bill) The Oil and Gas Conservation Act needs to be rewritten. It does not address the Administrative Procedure Act. It does not address coal bed methane or natural gas, which are being explored in Washington. Oil and gas exploration is important to the state.

(Neutral to original bill) The proposal was not funded in the Governor's budget.

Testimony Against: None.

Persons Testifying: (In support of original bill) Representative B. Sullivan, prime sponsor; and Ron Teissere, Department of Natural Resources.

(Neutral to original bill) Tony Usibelli, Department of Community, Trade and Economic Development.

Persons Signed In To Testify But Not Testifying: None.